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TO: Honolulu City Council

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REGULAR

MEETING: 10 a.m. Wednesday, May 12, 2010

SUBJECT: Bill 15 CD1 FD1- Executive Operating Budget and Program
Support Limiting Vacant Funded Positions

Aloha Councilmembers,

Thank you for this opportunity to provide additional testimony on Bill 15 CD1 FD1 which sets the city's operating budget for the coming fiscal year. It is apparent from testimony provided by the city administration during the last full council meeting that the vacant funded positions line items need to be reigned in and controlled. In essence, these line items have been used as "slush funds" and result in a "carryover balance" year after year. Moving these funds into a provisional account and reducing the total budget for vacant funded positions creates greater transparency and accountability for how our limited taxpayer resources are spent.

While city council has had no control over contracts with unions, it is important to note that the director of the Department of Human Services recently testified that they paid an employee for 111 accumulated vacation days at the employee's *current rate of pay*. At best, this is poor policy. (Recommended best practices are to require employees to take vacations and have someone else do the work in order to reduce the risk of fraud.) At worst, this is an appalling example of the power unions have in the state of Hawaii. In 17 years of public accounting, the most vacation time I ever saw carried forward was two weeks. A payout of more than five months of vacation is simply unheard of in non-union settings. Payouts of this magnitude also make budgeting more difficult.

I urge councilmembers to support limiting the amount budgeted for vacant funded positions.